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DIRECTOR LEE

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SUBJECT: CALDERON STANDS FIRM ON SECURITY, SETS AMBITIOUS
GOALS IN NATIONAL ADDRESS

Classified By: Confidential by Political Minister Counselor Gustavo Del
gado

Reason: 1.4 (b),(d).

¶1. Summary: On September 2 the Ambassador attended President Calderon's third state of the union address at the National Palace. The President made the address at the most difficult point yet in his six year term with the country facing record levels of violence and the economy entrenched in a deep recession. Calderon, emboldened by recent poll numbers and looking to retake the political initiative after a crushing defeat for his PAN party in July elections, appealed to the electorate to support meaningful reforms and put forth an ambitious but vague 10-point proposal for the remainder of this term. On foreign policy, Calderon noted Mexico's rising influence (UNSC, G-5,G-20,climate change negotiations) and singled out strengthened relations with the United States and his four meetings with President Obama. End Summary.

The Achievements and the Goals

¶2. Drawing on continued strong public support for his war on organized crime, Calderon began with a long contextual exposition on the security challenges and his commitment to remain unyielding in his administration's approach to combating Mexico's drug problem. He boasted that his government had hit drug trafficking groups hard with major seizures of narcotics, weapons, and cash, and more than 24,000 arrests through June. The offensive, according to Calderon, "has weakened the structure of organized crime ... strengthened the rule of law and advanced the recovery of public security."

¶3. Invoking nationalistic themes and drawing on his own personal popularity in recent polls, Calderon attempted to reassert his party's authority in the wake of its stinging defeat in July congressional elections. He defined security and the failing economy as the two principal challenges facing Mexico, pledging to continue his efforts to improve life for Mexico's citizens and appealing to the public to support real structural changes and all political parties to engage in a spirit of practical negotiation and high purpose. Calderon noted progress during his administration in the areas of poverty reduction and economic development, and called for concerted efforts to do more given the economic difficulties facing the nation.

¶4. On the economy and poverty reduction, Calderon maintained that he had responded quickly to the global economic meltdown by boosting spending for public works and public lending. He

spoke of reforms that will free up resources to support public infrastructure projects, create jobs, alleviate poverty, and reduce energy costs. While acknowledging the effect of H1N1 on the economy, Calderon asserted that his Administration had successfully met the crisis head-on. Foreign Policy and the Relationship with the U.S.

¶5. Little was said on foreign policy. Calderon did, however, highlight Mexico's role on the world stage as a non-permanent member of the UN Security Council, the G-5, and G-20 as well as its stake in climate change negotiations. The President also stressed Mexico's important relationship with the United States -- the only country mentioned -- noting his four meetings with President Obama and the constructive, re-energized bilateral dialogue on immigration, trade, and security.

Calderon on Moving Forward

¶6. The most striking thing about Calderon's address, was his soaring rhetoric on the need for change and his exhortations to the public to support dramatic and significant change to prepare Mexico for the future. There was no sign of weakness or backing down though his proposals were long on the need for real reform and noticeably sparse on details. Calderon focused on persuading the Mexican people that the challenges facing Mexico are serious, pledging to remain fully engaged on the issues and offering glimpses of possible areas of compromise. He concluded by laying out a ten-point proposal of modernization reforms, all of which contain rather broad and ambiguous goals:

- Concentrate efforts and resources on poverty alleviation;
- Ensure that everyone, regardless of his socio-economic status, has access to health care;

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- Establish quality education so that Mexico can become more competitive and end the cycle of poverty;
- Get rid of wasteful and inefficient government programs, and find a way to reduce Mexico's dependence on oil;
- Achieve deep, economic reforms that will lead to more jobs and help the economy grow;
- Make changes to the telecommunications sector to guarantee that a variety of services and technologies are available to the public and that competition among providers exists;
- Reform the labor system so that women and the youth will have access to jobs and can earn a decent living wage without harming the rights of workers;
- Change the existing bureaucracy to become more efficient and to avoid unnecessary steps for businesses and every-day citizens;
- Increase crime-reduction efforts so that citizens feel safer; and
- Reform the political system.

New Political Game Has Begun

¶7. There was considerable political jockeying in the days before his address. Calderon had planned to make the speech from the National Palace on September 1, before his Interior Minister provided the written report to the Congress, in an effort to dispel lingering commentary on his close and controversial election. (Note: Historically, Mexican presidents would appear before Congress' opening session each September 1 to deliver their annual report. In recent years, however, the event had turned into the political equivalent of a food fight, with some opposition party representatives using the event to confront the president and create a scene.

Last year, in an effort to assert greater authority over the President, the Congress required the President to deliver a written draft of his annual speech to Congress. End Note.) That plan, however, rankled lawmakers from the Institutional Revolutionary Party (PRI) who complained that by law, Congress should get the official report before the President addressed the public. Calderon was forced to back down with Gomez Mont presenting the written report to the Mexican legislature the day before his September 2nd address.

Ambassador Pascual was one of approximately 1,000 invitees that included all of the major political players and senior representatives of Mexico's governing institutions.

Supporters, Critics, and Other Political Parties Speak Out
¶8. Commentary among the audience after the speech highlighted Calderon's bold effort to retake the initiative and appeal directly to the public on a platform of change. Several observers agreed that Calderon had used the event to make himself more politically relevant after the dismal results of his party in the July elections. Some political insiders, nevertheless, doubted that Calderon's speech would succeed in getting people on board giving the scant details he provided in his program for change. Others heard a sermonizing tone in Calderon's delivery that could backfire in bringing the public on board for his ambitious agenda.

¶9. Members of the Party of the Democratic Revolution (PRD), the Worker's Party (PT), and PRI anticipated Calderon's speech with criticism and disapproval. PRD President Jesus Ortega Martinez commented that the Calderon administration should not be bragging about its accomplishments. He described Calderon as a failure and the PAN, in general, a weak and inefficient political force. PT Coordinator Pedro Vasquez alleged that Calderon's rhetoric amounts to "cuentas alegres," or superficial accounts, presenting a picture of Mexico that does not exist. And many saw the PRI's maneuvering before the speech as a way of making clear that the President will need more than an up-tick in the polls and a good speech to retake the initiative.

¶10. Comment. Calderon clearly is trying to retake the initiative after a serious electoral setback by framing the difficult challenges Mexico faces on the security and economic fronts and laying out a bold agenda for change as the only option. Whether it will work or not will depend on the government's ability to navigate much more difficult political waters. With the PAN no longer in control of the Congress and the PRI emboldened and keen to deliver on promises to its key constituencies, Calderon will have a hard road to hoe. He will need to prioritize and focus on details

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that can help win over the public and overcome resistance from the opposition. His first test will be the tough budget negotiations that will consume the coming months. End Comment. Visit Mexico City's Classified Web Site at <http://www.state.sgov/p/wha/mexicocity> and the North American Partnership Blog at <http://www.intelink.gov/communities/state/nap/>

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